

Message Text

UNCLASSIFIED

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44

ACTION EUR-25

INFO OCT-01 ADP-00 AID-20 CIAE-00 COME-00 EB-11 FRB-02

INR-10 NSAE-00 RSC-01 TRSE-00 XMB-07 OPIC-12 CIEP-02

LAB-06 SIL-01 SAL-01 OMB-01 DODE-00 PM-09 H-02 L-03

NSC-10 PA-03 PRS-01 SS-15 USIA-12 GAC-01 RSR-01 /157 W
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R 091425 Z APR 73

FM AMEMBASSY BONN

TO SECSTATE WASHDC 4370

INFO AMEMBASSY BERN

AMEMBASSY LONDON

AMEMBASSY PARIS

AMEMBASSY ROME

USMISSION EC BRUSSELS

USMISSION OECD PARIS

UNCLAS BONN 5177

DEPARTMENT PASS TREASURY

E. O. 11652: N/ A

TAGS: EFIN, GW

SUBJECT: EMMINGER ON CENTRAL BANK GOLD SALES

1. SUMMARY: IN AN INTERVIEW IN THE "WELTWOCH" (ZURICH) OF MARCH 28 WHICH HAS BEEN REPRINTED IN THE PRESS REVIEW OF THE BUNDESBANK, BUNDESBANK VICE PRESIDENT EMMINGER COMMENTED ON THE CURRENT MONETARY SITUATION. HE STRESSED THAT THE CURRENT PARITY RELATIONSHIPS ARE THE CORRECT ONES FOR THE PRESENT AND FORESEEABLE FUTURE, THAT THE US HAD MOVED AWAY FROM A THEORY OF BENIGN NEGLECT TO A THESIS OF BENIGN INTEREST CONCERNING THE EXCHANGE RATE OF THE DOLLAR AND INDICATED THAT IN HIS VIEW SOONER OR LATER CENTRAL BANKS SHOULD AGAIN BE FREE TO SELL GOLD ON THE FREE MARKET. THERE FOLLOWS BELOW A TRANSLATION OF THE PORTION OF THE INTERVIEW DEALING WITH CENTRAL BANK GOLD SALES. END SUMMARY

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2. BEGIN QUOTE

QUESTION:... DOES THE BUNDESBANK CONSIDER THE SALE OF GOLD ON THE FREE MARKET?

ANSWER: WE HAVE SEEN THAT DURING THE LAST GREAT DOLLAR CRISIS THE QUICK RISE OF THE GOLD PRICE ON THE FREE MARKET TO ABOVE \$90.00 PER OUNCE WAS ONE OF THE ELEMENTS WHICH CAUSED DISTURBANCES AND ALSO REINFORCED THE SPECULATIVE ATTACK ON NSATISFACTORY TO THE CDU/ CSU. THE BUNDESRAT WOULD AGAIN HAVE THE OPTION OF REJECTING THE COMMITTEE DECISION. IF THIS WERE DONE, THE BASIC TREATY LEGISLATION WOULD HAVE TO BE SENT BACK TO THE BUNDESTAG, WHERE THE BUNDESRAT'S OBJECTION COULD BE OVERRIDDEN BY AN ABSOLUTE MAJORITY. USE BY THE CDU/ CSU OF ALL POSSIBILITIES TO DELAY RATIFICATION WOULD PROBABLY PUT OFF RATIFICATION OF THE TREATY WELL INTO JUNE.
HILLENBRAND

CONFIDENTIAL

*** Current Handling Restrictions *** n/a

*** Current Classification *** UNCLASSIFIED

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30 JUN 2005

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EC BRUSSELS
EUR
LONDON
OECD PARIS
PARIS
ROME

SECSTATE WASHDC

Type: TE

Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005